Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

~~SECRET~~

C E N T R A L I N T E L L I G E N C E A G E N C Y

11 January 1955

MEMORANDUM FOR: Mr. Allan Evans (OIR)
Colonel Paul S. Reinecke, USA (G-2)
Captain B. E. Wiggin, USN (ONI)
Colonel Willis B. Sawyer, USAF (AFOIN-2B2)
Colonel Floyd E. Dunn, USA (JIG)

SUBJECT : NIE 12.5-55: Current Situation and Probable Developments in Hungary

1. The attached terms of reference, indicating the allocations of production responsibility, were agreed on at the meeting of the IAC representatives on 10 January.

2. It is requested that contributions be received in this office by the close of business on Tuesday, 1 February.

Paul A. Borel
PAUL A. BOREL
Deputy Assistant Director
National Estimates

Distribution "B"

~~SECRET~~

2
DOCUMENT NO.
NO CHANGE IN CLASS. X
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 1991
AUTH: HR 70-2
DATE: 3/19/81 REVIEWER: 372044

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

SECRET

C E N T R A L I N T E L L I G E N C E A G E N C Y

11 January 1955

SUBJECT: TERMS OF REFERENCE: NIE 12.5-55: CURRENT SITUATION AND PROBABLE DEVELOPMENTS IN HUNGARY

THE PROBLEM

To estimate the present situation in Hungary, and the probable developments there through mid-1956.

QUESTIONS BEARING ON THE PROBLEM

OIR I. SOVIET POLICY

A. Has Soviet policy toward Hungary since Stalin's death differed significantly from that toward other Satellites? In purpose, nature, timing? If so, how? In other phases, e.g., post-World War II, Korean War periods, did Soviet policy toward Hungary differ substantially from that toward other Satellites? If so, how? And, for what reasons?

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

B. What is the probable development of Soviet policy toward Hungary during the period of this estimate, and how is it likely to differ from Soviet policy toward the other Satellites?

II. TRENDS AND CURRENT SITUATION IN HUNGARY

OIR

A. General

What are the origins and lines of development of the Hungarian people, ethnically, socially, culturally, and in what way has Hungarian national development differed from that of the other Satellites? How are these characteristics influencing the present situation in Hungary? How do these characteristics influence the Hungarian peoples' attitudes toward the Communist Party, the government, the leaders? Toward the USSR? Toward other Satellites, Western Europe, and toward the West generally? In what ways may any of the foregoing influence the intensity and duration of the Hungarian regime's current difficulties?

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

OIR B. Political

1. What are the major political difficulties confronting the present Hungarian leadership? Do they stem from conflicts of policy within the Party leadership, between the leadership and the ranks? Is there conflict between the Party and Government bureaus? How much of the present difficulties of the Hungarian regime stem merely from administrative confusion? How much from differences over idiological interpretations?

2. What are the regime's primary problems with respect to Hungarian popular attitudes? What is the relative importance of the public's attitudes in the current Hungarian situation? What measures has the regime taken to mollify public feeling? Degree of success of these measures? What are the present trends in public attitudes, and what alternatives remain to the regime for dealing with these trends?

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

3. What evidence do we have of passive on active resistance? Is there any evidence of sabotage, organized resistance, widespread disregard for the law? What is the potential for resistance -- under cold war conditions, in case of general war? In what ways might popular dissatisfaction be expressed in the future? Is there any chance for the overthrow of the Communist regime from within? If not, what influence will public atitudes have in future policies and action of the regime? In future developments in Hungary?

ORR
OIR
G-2

C. Economic

1. What are the critical factors affecting Hungary's economic development, e.g., availability of natural resources, ralationships between the various economic sectors, Bloc requirements and support?

2. How do present levels of economic output by various sectors and per capita consumption levels compare with the prewar period? Goals and achievement under first three-year plan(1947-1949)? Goals and achievement under the Five-Year Plan (1940-1954)?

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

3. What factors contributed to the decision to alter the direction and goals of the Hungarian economy in the middle of 1953? Soviet policy? Limitations of basic resources? Popular attitudes? Foreign trade requirements? Agricultural production problems? Technical manpower? Managerial skill? Planning experience? Political or ideological problems?

4. What progress is being made in changing the direction and in achieving the new economic goals? In gaining popular support? In shifting labor from one industry (sector) to another? In the production of new kinds of goods and in altering imports to meet the new materials needs of the economy?

5. What are the primary factors which will limit the future development of the Hungarian economy? Soviet policy? Natural resources? Technical manpower? Managerial skill? Planning judgment? Internal popular attitudes? Foreign trade? Industrial plant? Investment?

6. What is the extent of Hungarian production of military end items -- for itself, for the Soviet Bloc?

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

DEF D. Military

1. What is the strength, combat effectiveness, state of morale and reliability of the Hungarian military forces? What is the burden of the present scale of Hungarian defense effort for the economy?

2. What is the organization, strength, scope of authority, reliability, and general readiness of the Hungarian internal security forces exclusive of the military establishment?

3. What is the strength, disposition, state of morale, and general readiness of the Soviet military forces stationed in Hungary?

4. What is the capability of the total security forces in Hungary in terms of maintaining order, suppressing rebellion? How dependent are the Hungarian security forces on the presence of Soviet troops?

5. What is the degree of coordination and cooperation between Hungarian military forces and those of the Satellites and the USSR?

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

OIR
DEF
ORR

III. PROBABLE DEVELOPMENTS

A. What are the principal problems which will confront the USSR in maintaining its control in Hungary during the period of this estimate and how effectively will Soviet policy meet them?

B. What are the prospects for the stability and political effectiveness of the Hungarian regime?

C. What is the probable development of Hungary's relations with other Bloc states and with Yugoslavia?

D. What are the prospects for the Hungarian economy? In total production? In production of military end items? In consumer goods production? In meeting export needs? In obtaining needed imports? In internal financing? In investment?

E. What forms will popular resistance take in the future, and how will it affect the policies of the regime?

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0

F. What will be the probable effects of German rearmament on Hungarian developments in any of the foregoing respects? What will probably be the extent and nature of Hungarian participation in any East European military organization? What other external developments might significantly affect the situation in Hungary?

Declassified and Approved For Release 2013/05/21 : CIA-RDP79R01012A005400040028-0